



2004 Annual Report of the Environmental Finance Center Network

Region 10 – EFC at Boise State University

A key focus of the EFC at Boise State University is utility rate setting and capital improvement planning for environmental facilities

INTRODUCTION

The Environmental Finance Center at Boise State University was created in 1995 and first received funding in the fall of 1996. The EFC at BSU is contained within the Department of Public Policy and Administration of the College of Social Science and Public Affairs. The Boise State EFC serves the Region 10 communities of the Pacific Northwest and the Intermountain states of Alaska, Idaho, Oregon and Washington. Because of its specialized services and tools, the Boise State EFC has also served other communities throughout the country. This report outlines the EFC's accomplishments in 2004, new initiatives for 2005, network collaborations, presentations and results.

The primary focus of the EFC at Boise State University is the development of broadly applicable, practical tools that improve the efficiency and effectiveness of environmental systems in meeting the challenges of protecting the environment and public health. The EFC creates computer-based techniques and programs that provide important information for decision makers to use in financing environmental systems.

Leveraging Resources As is customary for the network of university-based Environmental Finance Centers, the EFC at Boise State University effectively supplements its core funding with funding from other sources. As a measure of activity, this leveraging was even more significant, with the EFC attracting eighteen other grants and contracts. This leveraging of resources demonstrates the real value of the Environmental Finance Center Network to Region 10 and the EPA.

ACCOMPLISHMENTS

Development of Innovative Tools

The major theme for the EFC this year has been the development of software financing tools. For the past three years the EFC found that fresh approaches are needed to working with the regulated community, and to that end, developed new software tools to respond to the needs of water and wastewater systems. As well, these new tools are available to stakeholders involved in addressing non-point source water pollution challenges. The EFC's goal is to reach communities nationally with these productivity enhancing tools. The following lists our new software tools made available this year to the regulated community throughout the country:

- Rate Checkup – a full-cost pricing model for water systems (the EFC is developing the wastewater version of this model for 2005-6). Rate Checkup integrates the EFC's asset refinancing model -- CAPFinance™ in developing correct user charges for water systems. Although not a Region 10 state, in 2004 the Kansas Drinking Water Program selected the Rate Checkup and CAPFinance tools for statewide distribution through their capacity development program.
- System Development Fee Model – under development in 2004, this new tool will be delivered to the University of Illinois' Midwest Technical Assistance Center in Region 5 in 2005. The model will help water systems calculate the impact of new development and to design impact fees to recover those costs. This new model is also based on CAPFinance™.

- Electronic Sanitary Survey (Iowa Model) – working with EPA’s Drinking Water Academy over the past two years the EFC has developed a sanitary survey data collection system that is operated on PDAs (Personal Digital Assistants or handheld Windows-based computers). In 2004 Iowa contracted with the Center to produce a variation of this approach that will allow information to be shared across internet networks, linking the central and regional offices of the state drinking water program.
- Plan2Fund for Idaho – Also in 2004, the State of Idaho’ Department of Environmental Quality asked the EFC to modify Plan2Fund – a workplan financing and implementation model – for application to the Clean Water Act Section 319 financing program. This work should be completed in 2005.
- One Plan BMP Financing Model – the EFC is working with the Natural Resource Conservation Service, Idaho Soil Conservation Commission and others to enhance the Idaho OnePlan model with an environmental finance sub-routine. In 2004 the EFC began work in building a new sub-routine that would identify opportunities for watershed stakeholders to purchase additional BMPs to optimize water quality on privately-owned land. This model is a direct response (and the outcome of a charrette) to the conflicts between water users and environmentalists in the Klamath Basin.
- Arsenic Exemption Tool – In 2004 the EFC began work to develop a model to help regulatory agencies quickly determine the financial capacity of communities seeking exemptions from the implementation deadline for the arsenic rule. This software tool is designed to assist staff unfamiliar with financial analysis by automatically generating a financial capacity report. We expect that this model (available in 2005) will be useful for all rule exemption scenarios in the future.
- Capacity Tracker – this software tool provides an annual “report card” on a utility system’s financial capacity and provides trend analysis as well. As demonstrated at the 2004 CIFA Conference in San Diego, the states and EPA could use Capacity Tracker to measure the effectiveness of SRF funding and/or other capacity development programs.

Macro-environmental Finance Focus on Watershed Financing Activities

The 2002 Annual Report of the Boise State University EFC introduced the division of activities between the focus areas of “macro-environmental” and “micro-environmental” finance. This division is useful in separating our traditional utility-based financing work from the emerging challenges of financing non-point pollution

reduction at the watershed level. The first section of the 2004 Annual report highlights our activities in the watershed financing or “macro-environmental” arena.

Watershed Funding Workshops

The EFC presented 10 watershed funding workshops throughout Region 10 in 2004. Watershed restoration is important throughout the region. Watershed planning activities are increasing each year in response to the need to protect these valuable resources. In order for watershed planning and implementation to be effective, identification and acquisition of resources is necessary. Previous workshops conducted by the Environmental Finance Center have helped to promote stewardship by improving stakeholders’ capacity to develop long-term funding strategies for protection and restoration activities. However, different levels of sophistication exist between watershed groups. This difference in sophistication level creates challenges for our workshops to insure all participants receive valuable tools for their funding problems. In response to this need, the EFC tailored their workshops to those levels that best addressed these different needs.

Intermediate Workshops

Intermediate workshops focused on watershed stakeholders who are familiar with the watershed process but lack the knowledge and skills needed to weave together a funding strategy. The workshop covered principles of developing a finance strategy and identify the funding tools and techniques used in combination to support the watershed vision. Using a diverse mix of public and private funding (from federal, state and local sources), in combination with alternative funding techniques, can build a broad and sustainable base of support for watershed protection. In addition, these workshops will discuss the importance of networking and building relationships in order to maximize knowledge and opportunities for meeting watershed goals. Utilizing existing resources such as universities and schools to assist with education and outreach grant writing and data collection is just one example of leveraging resources.

The EFC presented four intermediate workshops in the Region during 2004. The EFC worked closely with EPA Region 10, the National Oceanic and Atmospheric Administration (NOAA), and other agencies to target attendees and coordinate the timing and location of workshops to maximize participation. Intermediate workshops were held in Pocatello, Idaho; Coeur d’Alene, Idaho; Newport, Oregon; and Moses

Lake, Washington. Each workshop was tailored to the specific needs of the watershed.

At each workshop, attendees received CD's with the Directory of Watershed Resources which included federal, private and state specific information on funding programs and Plan2Fund, an access based planning program.

Following the workshops there were several requests for further information and additional assistance. Participants expressed interest in information on what other communities are doing to address the issues of funding watershed strategies. The Environmental Finance Center will continue to be a conduit for sharing funding information and examples of funding strategies in Region 10.

- Pocatello, Idaho (March 10, 2004) Twenty Five participants attended the workshop.
- Coeur d'Alene, Idaho (April 7, 2004) Twenty Five participants attended the workshop.
- Watershed Funding Workshop – Newport Oregon (October 20, 2004) Nineteen people attended the workshop.
- Watershed Funding Workshop — Moses Lake, Washington (April 8, 2004) Nine watershed representatives registered for the workshop.

Advanced Workshops

While many watershed groups are very sophisticated in watershed planning and fundraising, they, too, have specific challenges and needs. The EFC provided three workshops in Region 10 to assist theses communities who have unique funding challenges.

At each workshop, attendees received CD's with the Directory of Watershed Resources which included federal, private and state specific information on funding programs and Plan2Fund, an access based planning program. Participants at each of the advanced workshops received one-on-one assistance both prior to the workshop and following the workshop.

- **Rogue Basin – Advanced Workshop (January 15, 2004)** Thirty people attended the first advanced workshop in the Rogue Basin. The first advanced workshop focused on identifying the needs of the basin, identifying the resources of the EFC and establishing a plan of how to assist the group in moving forward. The group was successful in raising a large amount of funding to assist the watershed

groups in the basin. However, they found themselves challenged by current funding limitations, and requested assistance in broadening their financing sources. In order to locate new funding resources, the group discovered they first needed to identify their goals, objectives and tasks. The EFC assisted the group in using Plan2Fund to begin to identify actions and funding opportunities.

- **Rogue Basin – Advanced Workshop (May 6, 2004):** The group requested a second advanced workshop to present the information in Plan2Fund to the basin. Ten people attended the follow-up workshop. The group is continuing to use Plan2Fund to develop a funding plan for the Basin.
- **Chehalis Basin – Advanced Workshop:** The EFC presented an advanced workshop in the Chehalis Basin. The Chehalis Basin group had recently completed a watershed plan and requested the EFC assist them in moving forward in developing an implementation strategy. The EFC presented an advanced workshop to assist the group in identifying the challenges they faced in moving forward to implementation. The workshop revealed that the group needed assistance in identifying their goals, objectives and tasks. In addition, the group also needed assistance in prioritizing those objectives and tasks. The EFC assisted the group in using Plan2Fund to identify the group’s goals, objectives and tasks and assisted in the prioritization process.

EPA Watershed Financing Demonstration Workshops

The EFC provides valuable tools and resources to many stakeholders working on watershed protection and restoration. Making these services known is a continuing effort. For this reason, it is important that EPA staff and other agencies in constant contact with watershed stakeholders be aware of the information, resources and tools we provide. The EFC conducted two workshops for EPA Region 10 staff in the states of Oregon and Idaho. Key staff members were attended from EPA Region 10 as well as other federal agencies and watershed organizations.

The purpose of these workshops was twofold: first was to familiarize EPA Region 10 staff with the tools and services that the EFC provides to local watershed groups in the Northwest. For example, the workshop provided the participants with the Environmental Finance Center’s database of funding resources, which demonstrated how to acquire information on EPA and other federal, state, local and private funding sources. The second goal of the demonstration workshop was to orient EPA staff on the techniques that the EFC uses to teach watershed organizations to discover and

leverage funding resources to implement multiple-year implementation plans. Workshops were conducted in Boise, Idaho and Tillamook Oregon.

- **Boise Idaho:** The workshop was held in Boise Idaho on March 31, 2004. Twenty five people attended the workshop and received CD-ROMs with the EFC's tool and workshop materials including the Directory of Watershed Resources and Plan2Fund.
- **Tillamook Oregon:** The workshop was held in Tillamook Oregon on May 5, 2004. Twenty five people attended the workshop and received CD-ROMs with the EFC's tool and workshop materials including the Directory of Watershed Resources and Plan2Fund.

Idaho Stream and Wetland Regulation Workshops

The Environmental Finance Center at Boise State University coordinated with the US Army Corps of Engineers and EPA to plan and deliver a series of Stream and Wetland Regulation Workshops throughout Idaho during the fall of 2004. The workshops were designed to inform those who work around water resources of the requirements, permit application process, and the consequences of not obtaining a permit prior to conducting work in regulated waters. Targeted participants included stakeholders who are directly or indirectly involved in dredging of and/or placing fill in wetlands and streams. Information on both the state stream channel protection program and the federal wetland protection regulatory programs were presented.

Six workshops were conducted throughout Idaho between October 2004 and November 2004. The dates and locations of these workshops are as follows:

- Boise, Idaho – October 27, 2004. Approximately 65 people attended.
- Salmon, Idaho – November 2, 2004. Approximately 35 people attended.
- Idaho Falls, Idaho – November 3, 2004. Approximately 77 people attended.
- Twin Falls, Idaho – November 4, 2004. Approximately 55 people attended.
- Sandpoint, Idaho – November 9, 2004. Approximately 37 people attended.
- Lewiston Idaho – November 10, 2004. Approximately 55 people attended.

Information packets including the PowerPoint presentation, joint application form and additional information and resources were provided to each participant. The EFC worked closely with the EPA, Idaho Department of Water Resources (IDWR), US Army Corps of Engineers (USACE) and other federal, state and tribal agencies to

target attendees and coordinate the timing and location of each workshop to maximize participation.

The workshops were very well received. Ninety-seven percent of participants responded in the workshop evaluation that the workshop was valuable or highly valuable.

Directory of Watershed Resources

Directory of Watershed Resources Database Update

In 2003, the Center developed the Directory of Watershed Resources (Directory), a database of funding sources for watershed protection and restoration. The Directory includes information on federal, state, private, and other funding sources and assistance in the states of Oregon, Washington, Idaho, and Alaska.

The Directory has been a huge success, identifying over 750 programs within Region 10. However, for this database to continue to be a resource for watershed stakeholders, the information must be kept accurate and up-to-date.

In 2004, to assist with the task up updating the database, the Environmental Finance Center developed an email update function of the Directory of Watershed Resources. The email function allows the EFC to send an annual email to each program contact with a link to their specific programs for review and requests updates to the Center through email, fax, phone, or by filling out an online form. The email provides additional verification with program contacts to ensure accuracy.

Prior to sending the first email, the Center identified and added email addresses for each program contact into the database. This frequently was not included in the original contact information. This was done through online research and phone calls to program contacts. Once the contact information was complete, the EFC sent an email to all primary program contact in the database. Although the response rate was fair for the first notice, it was insufficient to update the database, so the Center has continued to add and update programs in the database through research and as information becomes available.

Due to the difficulty in accessing the Internet in many areas, the EFC created an up to date CD-ROM version of the Directory free of charge and available upon request. In

2004 the EFC distributed over 500 CDs at workshops, conferences and through email and phone requests.

In addition the Directory is available online. There were over 1,000 visits to the Directory in 2004, with approximately one hundred visitors to the site every month. The numbers are growing as people become aware of this on-line resource. In addition, several agencies have begun to link to the Directory website and are directing un-funded applicants to the EFC for assistance.

National Expansion of the Directory of Watershed Resources and Plan2Fund

The response to the Directory of Watershed Resources has been extremely positive and has generated a strong demand for this tool in other regions. This demand has been noticed by the USEPA's Sustainable Finance Team within the Office of Water, Oceans and Watersheds, with that division providing additional financial resources to the EFC. To address this broader need for effective watershed financing tools, the Directory and Plan2Fund are being enhanced and expanded for distribution to watersheds and watershed groups in other regions throughout the United States. Expanding these tools will help build the capacity of watershed groups throughout the nation and make funding information more accessible to these groups, thus reducing the administrative burden many of these groups face.

Directory of Watershed Resources

In 2004, the Center began expanding the Watershed Resources Directory to function as a national database. Expanding the Directory to a national database will allow other states and regions to use the structure of the Directory, reducing duplication and allowing for significant cost savings. The New England Environmental Finance Center (Region 1 EFC) will be the first EFC to utilize the national structure by entering Region 1 information into the database. Region 1 information will be available on the Database in early 2005. We assume that as resources allow, additional Environmental Finance Centers will also add information into the database. This project is an excellent example of how the Environmental Finance Center Network allows the partner university-based EFCs to efficiently leverage resources in serving the public in our separate EPA Regions.

Plan2Fund™

Our field work proved that many watershed groups struggle with the task of moving from the actual watershed plan to locating funding sources. Attendees at our

workshops often want to know what sources of funding are available; however, they have not identified watershed restoration priorities or established time frames for activities. Without a clear funding strategy, they were overwhelmed with the implementation process. During 2003, the EFC responded to these requests by developing new software tools to meet their needs and help them move from the planning process to developing a funding strategy for implementation. The result of this effort was Plan2Fund, a watershed strategic planning and funding tool that helps organizations determine their funding needs to meet the goals and objectives of their watershed restoration program plan.

Plan2Fund™ was developed in Microsoft Access and is a database model that walks users through the process of estimating the costs of their Watershed Program Plan's Goals and Objectives, assessing any local matches, and determining funding needs to meet Goals and Objectives. The results from Plan2Fund™ can be used to search for funding sources utilizing the Environmental Finance Center's internet-based Directory of Watershed Resources. Several hundred copies of Plan2Fund have been distributed free of charge to conference attendees and workshop participants. In addition, over 140 people have downloaded Plan2Fund off the EFC's website at <http://sspa.boisestate.edu/efc>.

In 2004 the EFC requested feedback from these users. As a result, the EFC identified several enhancements to Plan2Fund. The majority of the requests were requesting that Plan2Fund be available in a runtime version, allowing users to access Plan2Fund without owning the program software (Microsoft Access). In 2004, the EFC began enhancements to Plan2Fund, including creating a run time version. In addition, more detailed budgeting information was added to the program as well as responsible entity data that will allow collaborative watershed groups to identify in a series of reports what tasks are assigned to different stakeholders. The revisions also included a grant tracking section that allows users to identify and track grants and resources for specific tasks. Additional reports were also added to the program. The new version of Plan2Fund will be available on CD and on the EFC's website in 2005.

Agricultural BMP Cost Analysis

The EFC worked extensively with watershed stakeholders throughout Region 10. This provided the EFC with the opportunity to listen to challenges and needs expressed by various watershed groups. At the Klamath Watershed Funding Workshop in particular, watershed stakeholders expressed a need to identify the costs and benefits of conservation efforts for landowners in the region. This information

could be used to inform landowners of the economic costs and benefits of implementing Best Management Practices (BMPs) on their land and help identify what additional incentives may be required to reach the conservation goals in the watershed.

In response, the EFC completed an analysis of existing models available for determining cost incentives for watershed conservation efforts and identified the potential to develop an economic decision model for watershed organizations. The analysis revealed that although there are many sources of information about economic incentives for agricultural BMPs, there is no model currently available that would specifically address the water quality issues in these watersheds.

The EFC has been working with the Natural Resources Conservation Service (NCRS), Idaho Conservation Commission, Idaho Association of Soil Conservation Districts, and other state and federal agencies to develop an analysis tool that provides cost information to landowners to assist them in identifying conservation practices on their land. Through a series of meetings, the Idaho OnePlan was identified as partner in providing this service.

The Idaho OnePlan was developed by a consortium of agriculture stakeholders and is overseen by the Idaho Soil Conservation Commission. The Plan is a multi-agency project to combine government regulations and current best management practices for agriculture into a single plan, integrating federal, state, and local regulations. The Idaho OnePlan provides data and software to help growers develop a single conservation farm plan that can be pre-endorsed by the various agencies, streamlining and simplifying the regulatory process that farmers face. Within the OnePlan, the landowner can locate their farm from a state map and the web site (using USGS and other agency GIS data) will automatically retrieve geographic information about the fields, including soil type and slope. From there, the landowner identifies the activities the are occurring on the land. The OnePlan then recommends a series of field specific conservation practices, which will achieve a minimum level of water quality benefit. Information on the costs and related level of benefits, however, are missing from the model.

The EFC is working with various state and federal agricultural agencies to add a financial cost component to the Idaho One Plan which will provide financial decision making capacity to the OnePlan. Adding a financial component to the program will assist landowners in identifying the costs of conservation practices and assist them in finding financial resources to implement their conservation plan.

The EFC developed the methodology for adding this cost and benefit information into the OnePlan using both general and specific information. Once conservation practices are identified within the OnePlan, general cost and benefit information (high, medium, low) will be provided based on research data by the NRCS. This would allow the landowner to compare conservation practices that have high costs and low benefit with practices that have low costs and high benefit.

The user can also calculate more specific estimates on individual practices by entering information on the number of units needed per cost component. The information would be entered into a spreadsheet that used the various cost components of the conservation practice (identified by EFC), cost per unit (NRCS data sheets) and the number of units needed (entered by landowner) to determine the cost estimate for the conservation practice. The EFC identified the various cost components associated for each of the 80 conservation practices in the Idaho OnePlan and will use NRCS data on costs per unit for each cost component.

The EFC will continue to work with the Idaho OnePlan to develop a cost component to the OnePlan to assist landowners in identifying conservation practices. For more information on the Idaho OnePlan visit <http://www.oneplan.org/>.

Environmental Finance E-Newsletter

The Environmental Finance Center provides a quarterly newsletter for watershed stakeholders, which focuses on watershed funding issues within the region. One issue of the newsletter was completed during the reporting period. The newsletter includes information on upcoming events, grant deadlines and specific resources and programs. This year the EFC expanded the newsletter to include micro financing issues such as utility finance, rate setting and point source funding concerns. This has provided information to a broader range of stakeholders interested in protecting the watershed. The newsletter is emailed to target groups including past workshop attendees, watershed groups, various EFC contacts, and local governments. The response has been very positive. The EFC has received several requests from individuals to be added to the email subscription list. In late 2004, circulation for the newsletter increased from 400 to nearly 500. The newsletter is available on the EFC's website at <http://sspa.boisestate.edu/efc/news.htm>.

IACC Newsletter

The EFC supplied assistance to the Washington Infrastructure Assistance Coordinating Council (IACC) to provide a quarterly newsletter on infrastructure financing in Washington State. The goals of the newsletter are to provide relevant and timely information on infrastructure financing and related issues, and to enhance communication between state and federal financing programs, as well as the systems and the public. Two newsletters were completed during the reporting period. Newsletters can be viewed at:

<http://www.infracfunding.wa.gov/IACC%20Newsletters/IACC%20Newsletters.htm>

EFC Information Activities – Website

The activities of the Boise State EFC are profiled at the EFC's Intranet website at <http://sspa.boisestate.edu/efc>. This website allows the EFC to provide information on our programs and projects without incurring the expenses of publishing a newsletter or other periodical. Information such as *The Watershed Newsletter*, various PowerPoint presentations, *Capacity Tracker* download and new publications were added to the website during the first and second quarters of FY 2005. The EFC remains committed to keeping their website current and up-to-date.

MISCELLANEOUS MEETINGS AND TECHNICAL ASSISTANCE

As the EFC delivers watershed-funding workshops in the region, the demand for information on financing tools and resources has increased. Participants often pass information on to the other stakeholders who contact us for additional information and assistance. In addition, the EFC is often contacted by agencies and organizations that would like us to participate in conferences, meeting and various watershed events.

Below are a few examples of the miscellaneous and unanticipated activities that the EFC has been asked to participate in during the first and second quarter of FY 2005. At these events, the EFC was able to present valuable information and resources to hundreds of participants, resulting in several requests for additional assistance.

Watershed Funding Customer Service Assistance: In 2003, the EFC established a toll-free telephone number for watershed stakeholders to call if they needed one-on-one technical service assistance when searching for watershed funding within Region 10. The line was established to provide assistance in searching the Directory of Watershed Resources as well as provide additional information on financing tools,

resources, contact information, and other resources. The EFC has continued this service for Region 10 to provide technical assistance and information to workshop participants and others who are interested in implementing watershed protection strategies, but need more information about financing tools, resources, contact information, etc. Through phone and email requests, additional Directories of Watershed Resources and Plan2Fund CDs (150) were sent in 2004. The EFC plans to continue this service for Region 10 in the future.

Watershed Financing Individual Assistance: Often EFC workshops and presentations result in requests for additional assistance. Several times throughout the year the EFC researched funding sources for specific needs in a watershed. During 2004, the EFC provided this assistance to several individuals and organizations including the City of Coquille, Fish First, the Lower Boise River Watershed Advisory Group, and various other individuals.

Workshops and Conferences

Throughout the year the EFC is asked to participate in various workshops and conferences. The conferences allow the EFC to share its tools and services with a large number of stakeholders and has resulted in positive responses and requests for additional information. Below are a few of the events and services the EFC provided during this reporting period.

- Watershed Protection Institute - Bainbridge Island Washington (September 17, 2004)

The EFC gave a presentation and participated in a panel discussion at the Watershed Protection Institute on funding river and watershed efforts. The EFC provided participants with a CD-ROM of its tools and resources including Plan2Fund and the Directory of Watershed Resources.

- National Non-Point Source (NPS) Conference – Austin TX (2004)

The National NPS Conference, "Implementation at the Watershed Level" was sponsored by the EPA and the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA). The EFC provided a workshop on financing watershed protection efforts. Participants received a CD-ROM of the Directory of watershed resources and Plan2Fund. The workshop was well received and resulted in several additional requests for assistance including a follow-up

presentation at the Arkansas Watershed Advisory Group's 2004 Watershed Conference: "Clean Water – Stronger Communities.

- Watershed Partnership Seminar - U.S. Environmental Protection Agency, U.S. Office of Personnel Management/Western Management Development Center Denver Colorado. (November 8 - 19, 2004)

The EFC participated in the Watershed Partnerships Seminar: Collaboration for Environmental Decision Making. The EFC provided a full day workshop on financing watershed protection efforts. Participants received CD-ROMs with the Directory of Watershed Resources and Plan2Fund. The information was well received and resulted in additional requests for assistance.

- New England Interstate Water Pollution Control Commission (NEIWPCC) Conference (May 2004).

Teaming up with the Environmental Finance Center at Syracuse University, the Boise State EFC presented two sessions at the Northeast NEIWPCC Conference at Lake George, New York. The first session, *Financing Sustainable Watersheds: How the Environmental Finance Center Assists Watershed Organizations*, discussed how the EFC Network assists watershed organizations and local communities in building the financial and managerial capacity necessary to solve the challenges of nonpoint source pollution. The second session, *Financing Sustainable Watersheds: Tools to Save Time and Find Money*, introduced participants to successful management and financing techniques for watershed restoration and informed participants of the tools and resources available to assist watershed stakeholders with their funding needs. The EFC gave an overview of PLAN2FUND™, a watershed planning tool, and web-base funding databases including the Directory of Watershed Resources. In addition, the EFC also discussed future tools they are developing to assist landowners in identifying the cost effectiveness of Agricultural Best Management Practices.

Environmental Finance Focus on Infrastructure Finance Activities

While watershed financing technical assistance and training has increased significantly over the past several years, the EFC at Boise State University maintains an important core of tools and services relative to the traditional full-cost funding challenges of providing essential public services. This section of the 2004 Annual Report highlights new State Revolving Fund (SRF) activity of the EFC and a variety of training and technical assistance events.

State Revolving Funds (SRF): Providing Financial and Management Capacity Analysis

Since 1997 the EFC has provided third-party review of financial and management capacity of applicants seeking funding from the Idaho Drinking Water State Revolving Fund Program. Similar services are provided under contract to the Alaska Clean Water Fund and Drinking Water Revolving Fund for the analysis of financial capacity. Approximately one-dozen reviews were conducted in 2004. New in 2004, the EFC entered into contracts with the US Army Corps of Engineers and the Washington Department of Ecology for additional financial capacity analysis services.

US Army Corps of Engineers (USACE): In 2004 the Walla Walla District Office (Boise branch) of the US Army Corps of Engineers asked the EFC to conduct financial capacity analyses for recipients of their Section 595 assistance program. The financial capacity reviews are now used by the Corps staff to encourage water and wastewater systems to institute management and financial management changes that should lead to more sustainable public services. In December 2004, the EFC completed its first report – the City of Burley, Idaho Wastewater Fund – for the Corps staff. The EFC may receive similar requests from USACE offices throughout the western states. Aside from receiving objective review of loan applicants' financial capacity, the Corps benefits from being able to access trained and experienced EFC staff for this purpose – without having to establish internal staff capacity to do this work.

Washington Department of Ecology: Also in 2004, the Washington Department of Ecology – the administrators of the state's Clean Water State Revolving Fund – asked the EFC to not only conduct financial capacity reviews of its recipients for funds, but also to design a computer-based model that would expedite such financial reviews and automatically generate financial capacity analyses. This new computer tool should be available in 2005 and could become a model for other state SRF programs.

Training and Technical Assistance Events – Highlights

Ohio CAPFinance Workshops

The Environmental Finance Centers at Boise State University and Cleveland State University teamed up in February, 2004 to deliver two workshops on asset replacement financing in two Ohio cities: Cleveland and Columbus. The two EFCs

teamed with the Ohio Rural Community Assistance Program to offer the training to small Ohio communities.

Washington Drinking Water SRF Workshop Series

In March, 2004 the EFC presented a series of training workshops at regional locations throughout the State of Washington. The specific training focused on full-cost pricing and financial capacity measurement for applicants to the State's Drinking Water State Revolving Fund Program. Sponsored by the Washington Public Works Board, the training made use of several EFC-developed tools, including a multiple year financing model designed specifically for the workshop series.

Wyoming Association of Rural Water Systems Rate Checkup Training

The EFC was invited to present training on its new Rate Checkup water utility rate setting software at the Wyoming Rural Water Systems Annual Conference in Casper in March 2004.

Alaska Water and Wastewater Management Association – Rate Checkup Workshop

In April the EFC provided a rate setting workshop for water and wastewater professionals in Anchorage. The workshop highlighted the introduction of Rate Checkup to Alaska communities.

Ohio Water Environment Association Conference – Columbus, OH

Also in April, 2004 EFC directors Bill Jarocki (BSU EFC) and Kevin O'Brien (CSU EFC) presented a series of workshop sessions on financial and management capacity at the Ohio Water Environment Association Conference in Columbus. The focus of the conference was the implementation finance challenges of CSO/SSO standards for communities. Sanitary sewer overflows (SSOs) differ from combined sewer overflows (CSOs). CSOs are overflows from older sewer systems designed to carry both domestic and storm water loads. SSOs are discharges of raw or inadequately treated sewage from municipal separate sanitary sewer systems, which are designed to carry domestic sanitary sewage but not storm water. These overflows may also contain industrial wastewater that is present in the sewer system. The TWO EFCs joined EPA's Office of Enforcement in presenting practical approaches for full-cost financing of CSO/SSO projects.

Oregon League of Cities Water and Wastewater Financing Workshop

In July, the Oregon League of Cities invited the EFC to present a workshop on asset replacement financing in Eugene, Oregon. Nearly fifty city officials attended this workshop which featured two EFC products – CAPFinance and the Guidebook of Financial Tools.

National Capacity Development Workshop – Denver, CO

In July, 2004 EFC Director Bill Jarocki presented workshops on capacity development tools, training and technical assistance at the Drinking Water National Capacity Development Workshop in Denver, Colorado. Of particular note was the State of Louisiana's use of the EFC's Ratio8 model for tracking the performance of its capacity development activities in the state drinking water protection program.

Utah Full Cost Pricing Demonstration Workshop

In August of 2004 the EFC at Boise State University teamed up with W. David Patton, Ph.D. of the University of Utah to offer a Rate-Setting and Capital Financing workshop for small Utah communities in the Salt Lake City area. Patton, a former Boise State University EFC Director and currently the Director of the Center for Public Policy at the University of Utah, co-hosted the full day workshop with the Utah League of Cities and Towns. Approximately 15 elected and appointed Utah municipal officials attended the workshop.

Region 7 State Drinking Water Program Stakeholders Meeting – Jefferson City, MO

In October, the EFC facilitated a meeting of Missouri drinking water program capacity development stakeholders in Jefferson City. The purpose of the meeting was to revisit state program priorities developed under the SDWA's state strategy requirement. This meeting in Missouri followed several years of collaboration with the Region 7 states, the Region 7 Office of Groundwater and Drinking Water and the EFC at Boise State University.

Region 8 All States Meeting for Drinking Water System Capacity Development

Also in October, the EFC presented its repertoire of tools for improving water system management and financial capacity at the all states meeting for Region 8. This

workshop highlighted replacement cost financing and using CAPFinance to calculate those costs.

Washington Infrastructure Assistance Coordinating Council (IACC) Conference – Wenatchee, WA

Wenatchee was the site of the 2004 IACC annual conference. The EFC presented workshops on rate setting using Rate Checkup, and asset replacement financing using CAPFinance.

EFC NETWORK COLLABORATIVE ACTIVITIES SUMMARY

- Watershed Protection. The EFC will continue to collaborate with the EFC at the University of Maryland (Region 3) on watershed protection and watershed funding efforts. In 2005, these Centers are expected to introduce watershed planning and financing tools to stakeholders in the State of Virginia.
- Directory of Watershed Resources. The EFC is collaborating with the University of Southern Maine EFC (Region 1) and the EFC Network to expand the Directory of Watershed Resources to other EFC Regions. This work, funded through EPA's Office of Wetlands Oceans and Watersheds (OWOW), is designed to lay the groundwork for eventual nationwide application of EFC tools.
- Conferences and Meetings. The EFC will continue to collaborate with the EFC Network to provide information and presentations at conferences.

NEW INITIATIVES FOR 2005

The EFC will pursue several new initiatives in 2005 in the policy areas of Safe Drinking Water and Watershed Protection.

Watershed Funding Workshops

The EFC is developing an online watershed funding workshop. The workshop will provide information, tools and resources to a wide variety of watershed groups, local governments and tribes. The workshop will include video, web tutorials, and links to resources and tools to assist group develop strategies for financing watershed protection efforts. In addition, the EFC will provide ongoing web support and assistance to groups developing and implementing long-term funding strategies.

Directory of Watershed Resources

The EFC is expanding the Directory to a national database. The EFC will continue to work with the EFC Network to expand this resource to other regions. In addition, the EFC will continue to update and expand the funding sources within the Directory of Watershed Resources.

Prioritization Tool

The EFC is developing a new tool to assist watershed organizations to prioritize the goals and objectives of their watershed plan. The computer-based prioritization model fills an important gap for groups that have difficulty deciding which of their planning objectives should be accomplished immediately, in the short term, or at some later time. As with other EFC tools, the prioritization model is born of necessity, is a practical solution to problems stakeholder groups face, and will ultimately help community based organizations accomplish their tasks more efficiently. The tool will provide organizations with a model to assist them through the prioritization process using decision rules developed by the group. Field testing in late 2004 has led to the likely delivery of a full-beta model in 2005.